



NEWS RELEASE

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BLM's Next Oil and Gas Lease Sale to Include Otero Mesa Parcel

SANTA FE – The Bureau of Land Management (BLM) will offer oil and gas leasing rights on 80 parcels totaling 73,976.61 acres on federal lands in New Mexico and Oklahoma in its July 20, 2005, oil and gas lease sale.

One 1,600-acre parcel is on Otero Mesa (southern Otero County), the first to be offered since a restrictive leasing plan for the area was approved by the BLM in January 2005; it is the first parcel to be offered for lease since 1997. While the plan covers 2 million acres of public lands, surface disturbance associated with oil and gas development will be limited to a total of 1,589 acres.

Although the oil and gas industry nominated over 250,000 acres in Sierra and Otero Counties for leasing in 1998, the BLM's fluid mineral leasing plan for the area dictates that the BLM will take a "managed leasing" approach to Otero Mesa.

As the first step in the closely monitored implementation of the plan, a single 1,600-acre parcel in the Bennett Ranch Unit, in the vicinity of two existing gas wells, will be offered.

"We've crafted a great plan which took over 6 years to produce and now it's time to put that plan to work," said Linda Rundell, BLM New Mexico state director. "This is about protecting the environment through managed leasing; that means taking into account all aspects of the land, not just industry interests but resource concerns and ongoing exploration and development as well."

"I'm thrilled that we're in the implementation phase because now we can prove that our plan, while providing needed energy, will also protect the natural resources of Otero Mesa," Rundell added.

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Nationally, less than one percent of the acreage managed by BLM experiences surface disturbance from oil and gas activity. All leases come with stipulations or requirements on oil and gas activities to protect the environment; stipulations can also include site-specific restrictions, such as limits on seasons when drilling can occur and restrictions on surface occupancy by oil and gas operators.

Several stipulations, as described in the BLM's Resource Management Plan Amendment for fluid mineral leasing in Otero and Sierra Counties (and attached to the BLM's July 20 lease sale notice for the Otero County parcel), will apply to the Otero Mesa parcel being offered in this lease sale. These include stipulations to protect desert grassland habitat, historic trails, special species habitat and traditional cultural properties.

The competitive sale will begin at 9:00 a.m. on Wednesday, July 20, 2005, at the **National Park Service, 2968 Rodeo Park Drive West, Paisano Building, Cactus Room No. 2080, Santa Fe, New Mexico 87505.**

The lobby area will be used to register all bidders. Registration will start at 8:00 a.m. to allow each interested party time to obtain a bidding number. The sale will commence promptly at 9:00 a.m. Only oral bids offered at the sale will be accepted. Leases will be awarded to the qualified bidder offering the highest acceptable bid. The minimum acceptable bid is \$2.00 per acre.

The breakdown of lease parcels by State is as follows:

68 parcels totaling 68,158.29 acres in New Mexico
12 parcels totaling 5,818.32 acres in Oklahoma

Leases will be awarded for a period of 10 years, and so long thereafter as there is production in paying quantities. The government receives 12½ percent royalties on production on those leases.

The Mineral Leasing Act of 1920 and the 1987 Federal Onshore Oil and Gas Leasing Reform Act authorize leasing of Federal oil and gas resources. The 1987 law requires each BLM state office to conduct oil and gas lease sales on at least a quarterly basis. BLM lease sales are competitive and conducted by oral bidding.

The State of New Mexico has received over \$4 billion in revenue from mineral production on federal public lands since the 1920s. More than \$3.6 billion of this total was received from oil and gas production on federal lands. Last year, New Mexico received over \$360 million as its share of revenues from federal oil and gas production – about a million dollars a day – which is used to support educational programs throughout the State.